

An alternative future – a viewpoint



World-wide disasters such as the Covid-19 outbreak have profound and prolonged impacts. While some believe that the global system will bounce back quite quickly once the outbreak has passed – this has been the case with previous pandemics – others foretell of longer, embedded changes. Consider the Spanish flu (1918-20); this coincided with the end of the First World War and the two events killed in total around 100 million, mainly young men. Yet, it accelerated the introduction of women into the workforce – a lasting, positive legacy. Another, significant paradigm shift may happen with Covid-19.

While the physical destruction associated with this coronavirus will be negligible compared to a world war, it is likely to bring changes to our economies on a scale which was unthinkable only six months ago. These changes are occurring within a similar time frame, delivering a short, sharp shock to the global system. Globalisation may be infected but the realisation of the need for greater interdependency to solve global problems may rehabilitate the concept; climate change to follow.

The first significant change will be to supply chains and just-in-time deliveries. Efforts to reduce operating costs have resulted in the wide-scale introduction of offshoring and outsourcing as well as minimum stock holdings. Retaining excessive capacity is costly in warehousing while labour bills in developed home markets are usually prohibitively expensive.

Yet, the coronavirus has revealed that these cheaper options of working can no longer be relied upon in a post-crisis world. In any revised model of globalisation, there will be a need for buffers (redundancy) should the normal supply/demand equation breaking down again. In the future, greater resilience through greater self-sufficiency, dispersed supply-chain buffers and stock reserves – so called ‘resilience stocks’, as the former Chancellor Philip Hammond referred – will need to feature in Boardroom planning. The cost of this will be less than the disruption experienced on world markets but it will make products more expensive for everyone.

The second significant change will be the acceleration of the fourth industrial revolution. With people realising the benefits of remote working with less travel, the convenience of on-line shopping, and less pollution in their neighbourhoods from reduced car commuting then it may be that old patterns of working and relaxing will not return – at least not at the previous scale. Instead, we may see an increase in the development and deployment of alternative ways of working involving greater automation, robotics, artificial intelligence, quantum computing, digital money, neuro- and bioengineering, etc. Over time, these advances can convey great social benefits and allow greater creativity and productivity: at the same time, they may increase social distancing and reduce employment opportunities, thereby weakening overall social capital.

The advent of the fourth industrial revolution may also help reduce our carbon footprint and mitigate the effects of climate change but only if it is based on long-term

adaptation – the key to resilience. On the other hand, when the virus outbreak abates and we breathe a collective sigh of relief, we could all too easily fall into our old ways and become that frog in the pot unaware that the water is slowly boiling.

See [here](#) for 1-13 updates on the coronavirus outbreak. These contain all the latest government advice and links. A *Financial Times* article worth reading on this topic is [here](#).